



## Financial instruments combined with grants for energy efficiency and renewable energy - experiences in the Baltic States

**Justinas Bucys**, Head of Strategy and Business Development Department (VIPA Division), INVEGA, Lithuania

**Inesis Kiškis**, Department Director, Ministry of Environment, Lithuania

**Aleksejs Kaņējevs**, Deputy Head of Programme Development Department, Altum, Latvia

**Ly Loss**, Product Owner, Kredex, Estonia

 #ficompass





## Financial instruments combined with grants for energy efficiency and renewable energy – experiences in the Baltic States

**Justinas Bucys**

Head of Strategy and Business Development  
Department (VIPA Division), INVEGA, Lithuania

 #ficompass



# About INVEGA



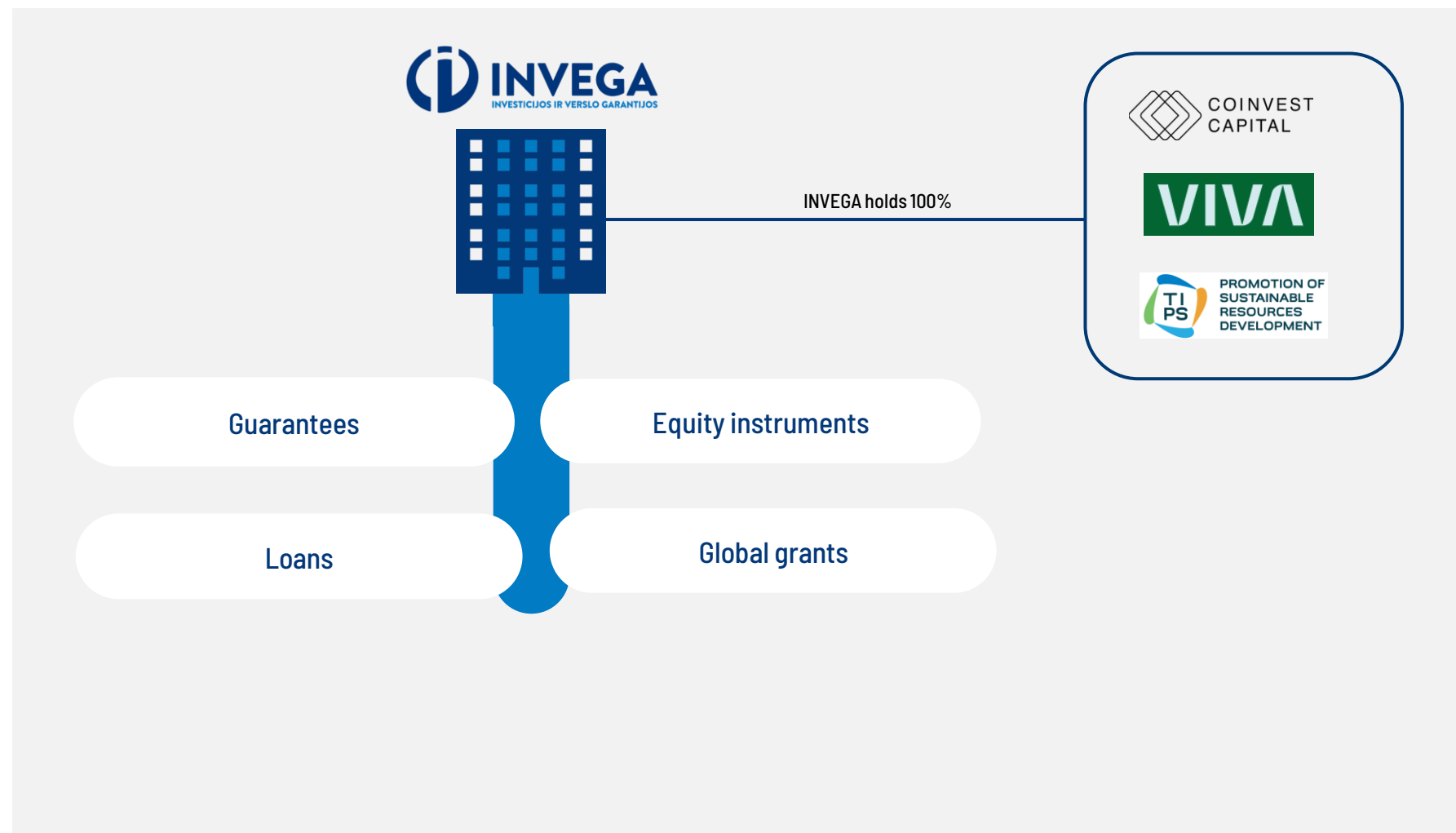
**National Promotional  
Institution**

**100 %**  
State owned



supervised by the Bank of Lithuania

**EC pillar assessment  
approved**



# Benefits from using financial instruments in combination with grants for energy efficiency



---

## Access to financing

- When budgetary resources are scarce
- When it's not available on the market

---

## Repaid resources

- Used to leverage public funding (e.g. ERDF)
- Used to finance new projects

---

## Technical support

- Supports the development of project pipeline

---

## Shorter payback period

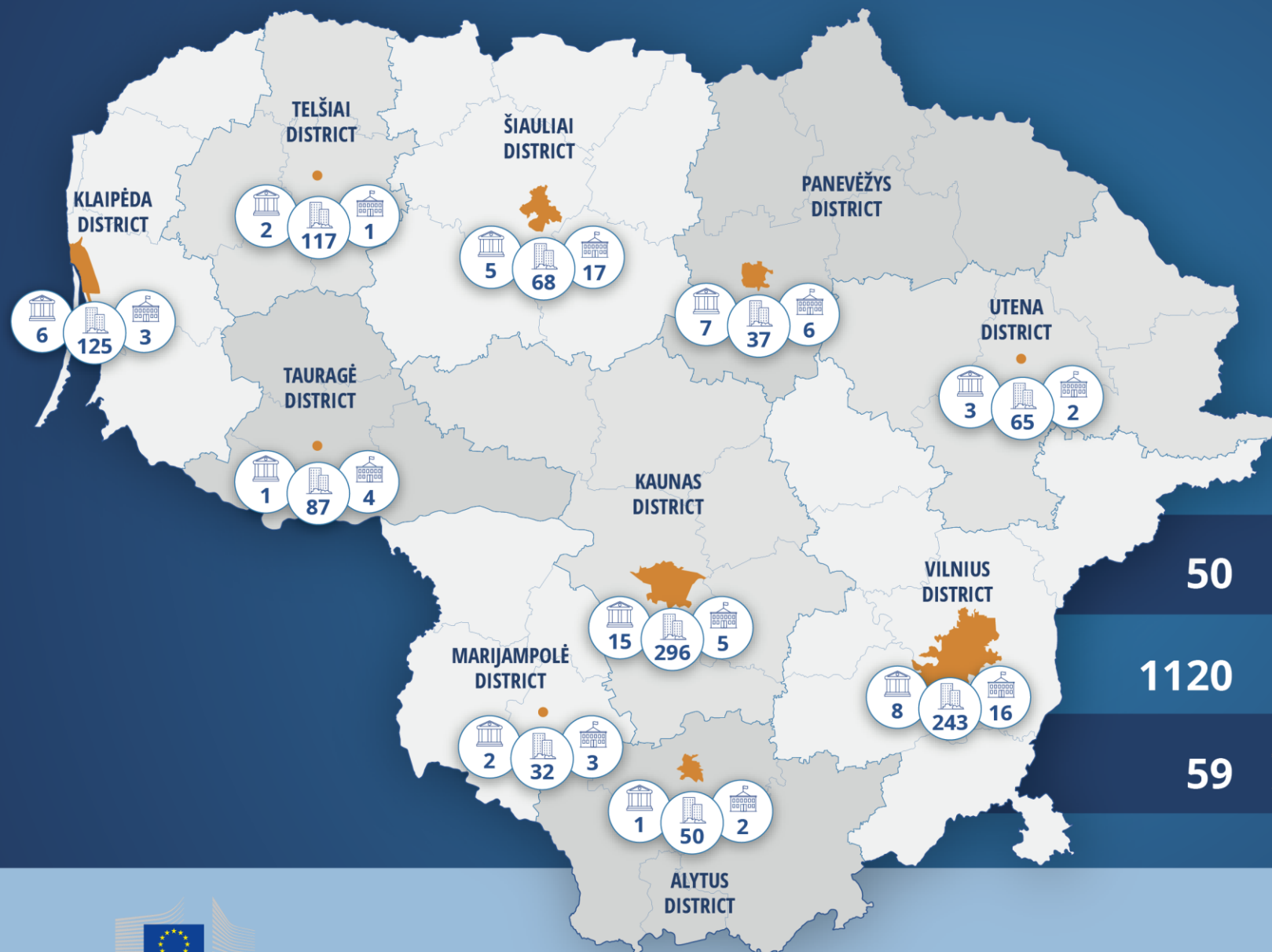
- Grant element provided as a bonus for good project results
- Covers part of investments that lower the payback period





**INVEGA**

## ENERGY EFFICIENCY PROJECTS IN LITHUANIA 2015-2023



50



MODERNIZATION OF PUBLIC  
CENTRAL GOVERNMENT BUILDINGS

€ **18,92** mln.

1120



MULTI-APARTMENT BUILDING  
MODERNISATION FUND

€ **462,60** mln.

59



MUNICIPAL  
BUILDING FUND

€ **26,69** mln.



# Financial instruments combined with grants for energy efficiency and renewable energy – experiences in the Baltic States

**Inesis Kiškis**

Department Director, Ministry of Environment,  
Lithuania

 #ficompass





## Combined financial instruments for energy efficiency in multi- apartment residential buildings

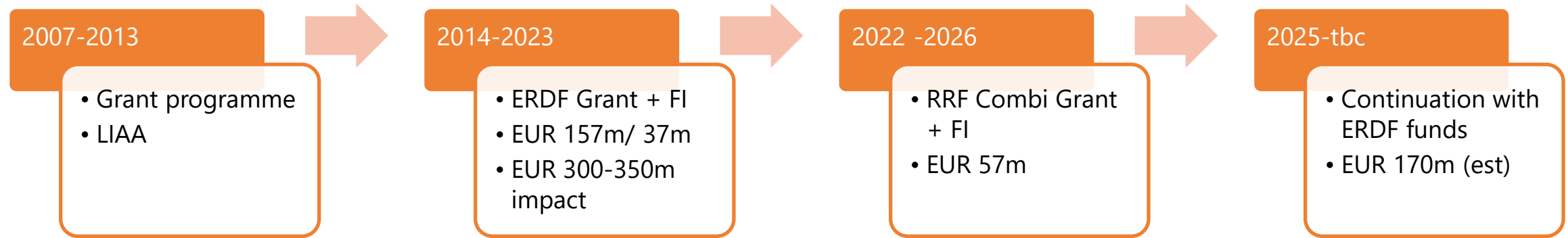
**Aleksejs Kaņējevs**

Deputy Head of Programme Development  
Department, Altum, Latvia

 #ficompass



# Energy Efficiency Programme for Multi-Apartment Residential Buildings in Latvia



## Results 2014-2023

	NUMBER	AMOUNT
<b>GRANTS</b>	623	EUR 157 m
<b>GUARANTEES</b>	324	EUR 70 m
<b>LOANS</b>	185	EUR 42 m

**NUMBER OF  
HOUSEHOLDS  
WITH IMPROVED  
ENERGY CLASS**

18 557

**CO<sub>2</sub>  
EMISSIONS  
SAVINGS  
(t/yr)**

24 403

**AVERAGE HEATING  
CONSUMPTION  
AFTER PROJECT  
IMPLEMENTATION  
(KWH/M2)**

57



5% of multi-apartment residential buildings are renovated in Latvia

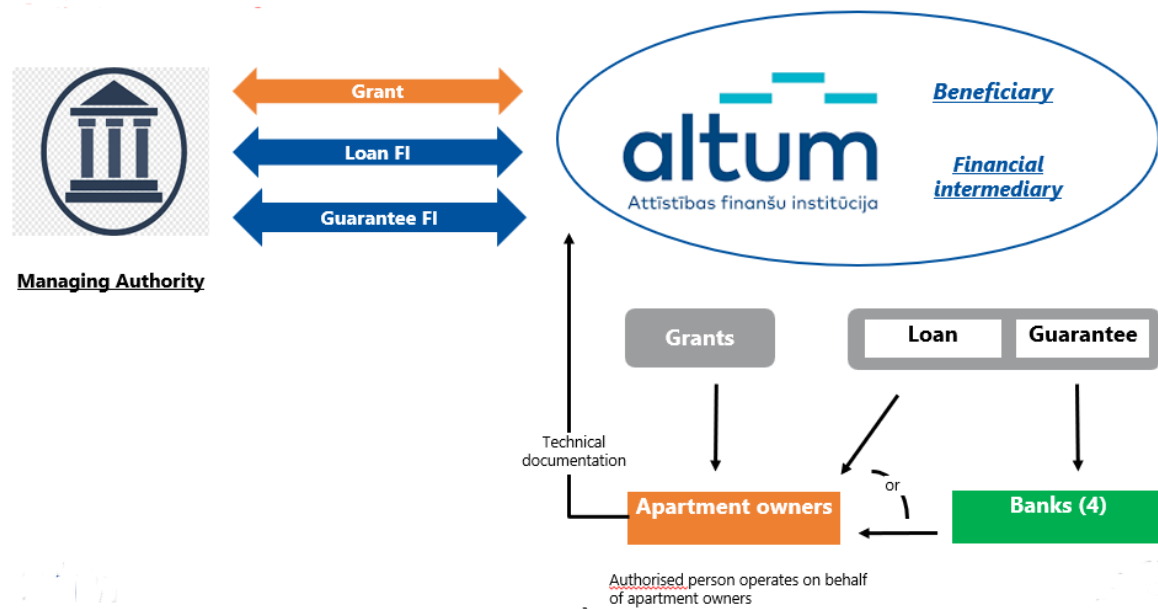




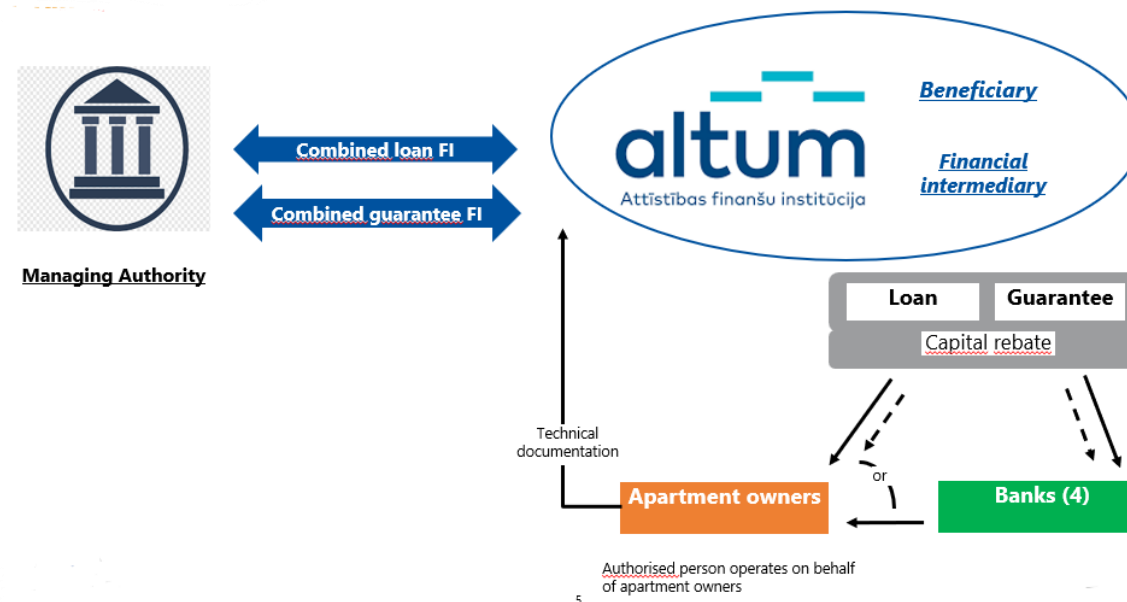
# The evolution of FI/grant combination



## 2014-2023: 2 FI + grant operations



## 2022-2025: 2 FI + capital rebate



- Combined loan / guarantee FI
- capital rebate 49% of the eligible costs
- At least 30% primary energy savings (prev. 30% energy savings for heating)
- TA for 49% of project documentation preparatory costs, max. 10 000 EUR

# 12 steps to Capital rebate

Capital rebate  
(% of total eligible  
costs)

49%

(VAT is ineligible)

1. Initiation of the energy efficiency project
2. Elaboration of technical documentation
3. Application to Altum for reservation of the Capital rebate 
4. Selection of the service providers
5. Altum's opinion on selection of service providers 
6. Loan application to commercial bank
7. Apartment owners' decision on project financing terms
8. Loan/Guarantee application to Altum
9. Approval by Altum 
10. Contract signature and loan disbursement
11. Application for activation of capital rebate
12. Decision on capital rebate 





# Financial instruments combined with grants for energy efficiency and renewable energy – experiences in the Baltic States

**Ly Loss**

Product Owner, Kredex, Estonia

 #ficompass



# State of play: Renovation wave



## Long-term strategy for building reconstruction for climate neutral Europe by 2050

In 2020, the government of the Republic of Estonia approved a long-term reconstruction strategy, the main goal of which is to completely renovate all buildings built before 2000 in Estonia by 2050.

- The main goal of the strategy is to completely reconstruct the building stock to energy performance class C by 2050, so it is necessary to reconstruct in the following decades:
  - 100 000 detached houses;
  - 14 000 apartment buildings;
  - 27 000 non-residential buildings.

To date 10% apartment buildings have been reconstructed.

To support the achievement of the goal, KredEx provides for housing cooperatives:

- renovation grants;
- guarantees;
- loans.



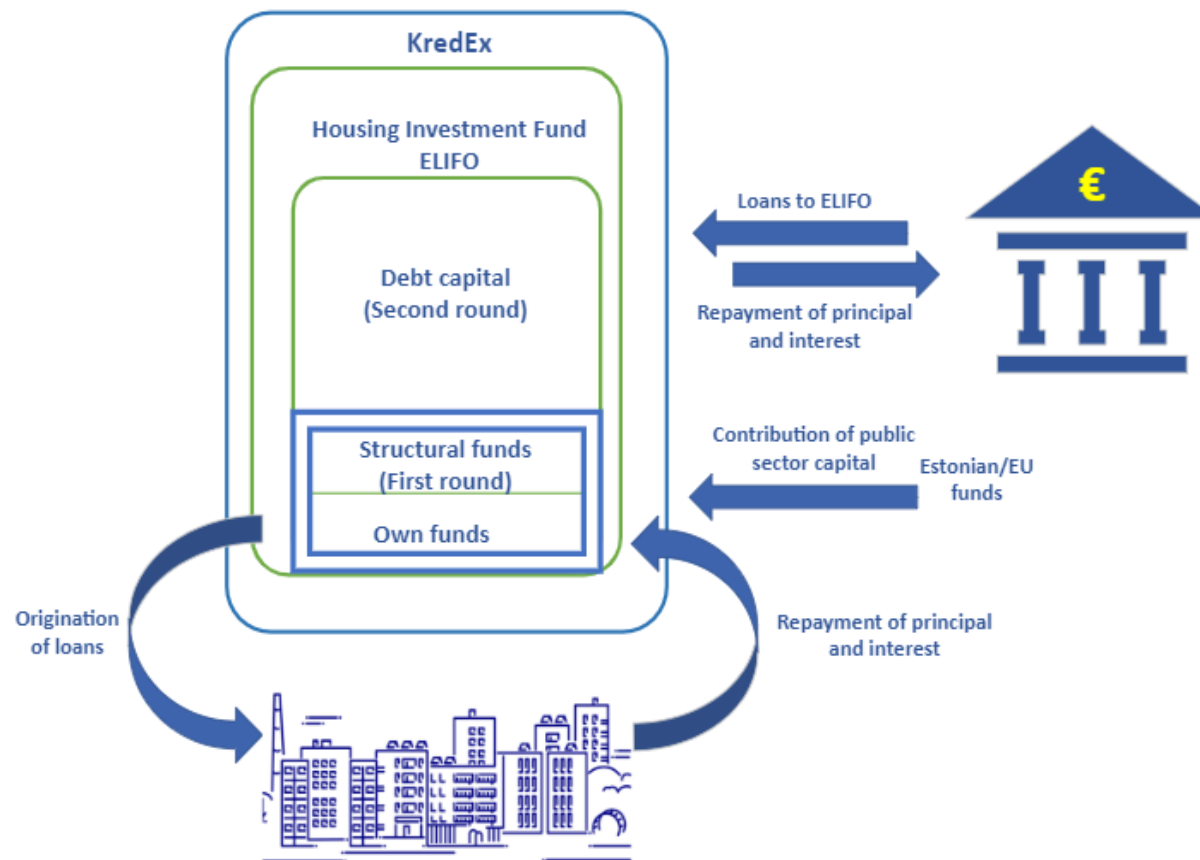


# SF Financial instruments combined with grants



## Housing Investment Fund (ELIFO) structure:

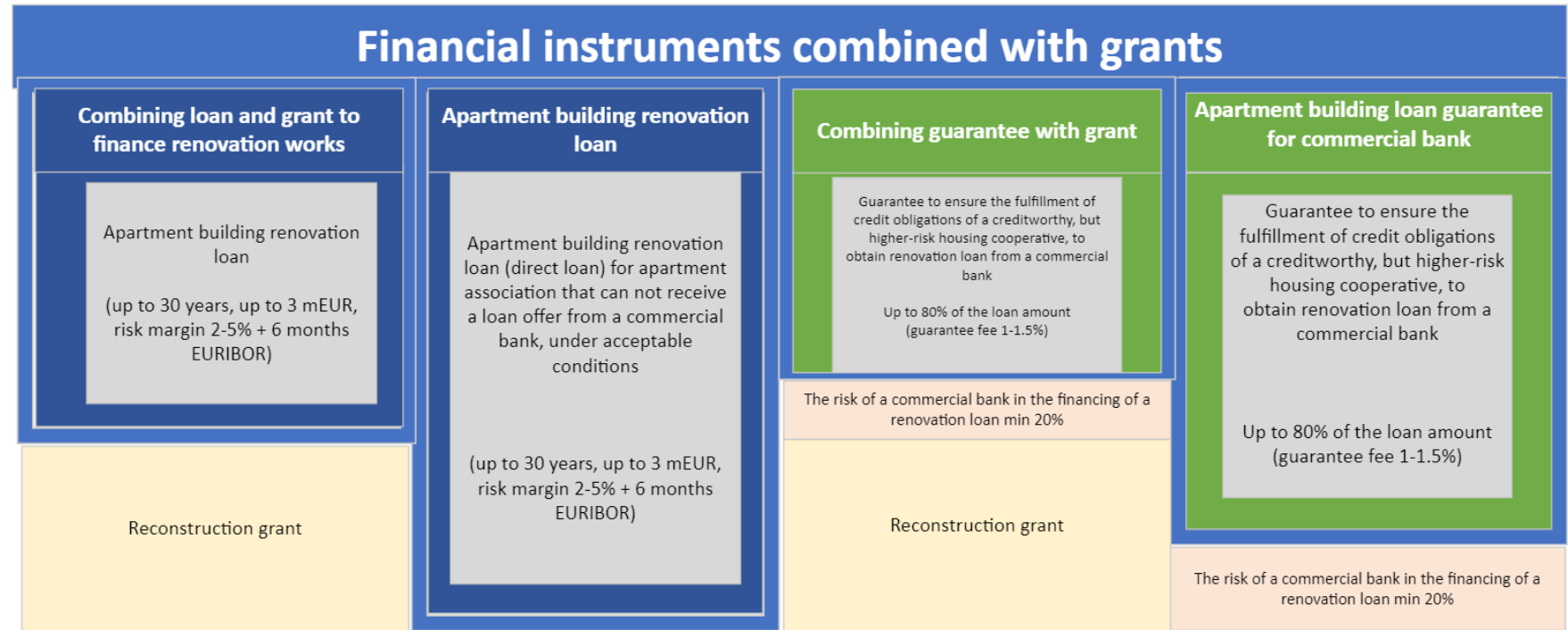
- ELIFO was established on October 19, 2022 (NPI own resources and legacy funds)
- First round: The SF funding agreement allocation of 35 mln eur under preparation
- Second round: In the future, it will be possible to combine foreign funding.



# Financial instruments combined with grants (2 separate operations)



- Renovation loan to address market failures
- Grant in the case of complete reconstruction
- Surety to reduce credit risk for banks, and minimize government intervention in business



# Is factory reconstruction the future? (non SF funding)

## Renovation support measures since 2010:

- ≈1400 buildings, ≈255 mln € for subsidies; ≈ 650 mln € total investments
- Mainly deep renovation- 50...60% reduction of energy use

## Factory reconstruction (Facade insulation with prefab external wall elements)

- Innovative, high-quality, and sustainable solution (lasts longer)
- Speed of renovation (3-4 months), less disturbance, clean construction site
- KredEx took a leading role: cooperative contractual relationship to ensure qualified tenderers
- Challenges: 10...15% higher price even with grants
- More favorable terms for a renovation loan funded by ELIFO

Additional information:

[www.Kredex.ee/en/element](http://www.Kredex.ee/en/element)





**Thank you!**

[www.fi-compass.eu](http://www.fi-compass.eu)

Follow us:    



*fi-compass* is provided by the European Commission in partnership with the European Investment Bank  
Copyright © European Investment Bank 2023  
[events@fi-compass.eu](mailto:events@fi-compass.eu) | [www.fi-compass.eu](http://www.fi-compass.eu)

